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June 10, 2014

The Honorable Jocelyn Boyd  
Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

Re: AT&T South Carolina's Petition to Withdraw Funds from the State USF to  
Support Stand-Alone Basic Residential Lines Pursuant to S.C. Code Ann. §58-9-  
576(C)(9)(c)  
Docket No. 2011-406-C

Dear Ms. Boyd:

Enclosed for filing, in compliance with Order No. 2013-822, is the Joint Proposal of AT&T South Carolina and the Office of Regulatory Staff to equitably remedy overages in support that AT&T South Carolina has received from the State Universal Fund.

By copy of this letter, I am serving all parties of record with a copy of this Joint Proposal as indicated on the attached Certificate of Service.

Sincerely,

A handwritten signature in black ink that reads "Patrick W. Turner". The signature is written in a cursive, flowing style.

Patrick W. Turner

PWT/nml  
Enclosure  
cc: All Parties of Record  
1107945

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

In Re: AT&T SOUTH CAROLINA'S PETITION TO	)	
WITHDRAW FUNDS FROM THE STATE USF TO	)	
SUPPORT STAND-ALONE BASIC RESIDENTIAL	)	Docket No.
LINES PURSUANT TO S.C. CODE ANN.	)	2011-406-C
§58-9-576(C)(9)(c)	)	
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**JOINT PROPOSAL**

The South Carolina Office of Regulatory Staff ("ORS") and BellSouth Telecommunications, LLC d/b/a AT&T South Carolina ("AT&T" or the "Company") (collectively referred to as the "Parties" or sometimes individually as a "Party") respectfully submit this Joint Proposal, which is supported by the verified testimony (filed on the same date as this Joint Proposal) of AT&T witnesses Kenneth Minzenberger, Joseph Blount, and Ronald Hilyer and of ORS witness Christopher Rozycki. The Parties request that the Commission expeditiously enter an Order approving this Joint Proposal and allowing ORS to resume making State USF payments to AT&T consistent with the terms of that Order.<sup>1</sup>

**I. BACKGROUND**

In Order No. 2013-822, the Commission ordered AT&T to work with the ORS and file a proposal to equitably remedy overages in support from the State Universal

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<sup>1</sup> As explained below, this would allow ORS to resume making Lifeline support payments to AT&T (as adjusted in this Joint Proposal) from the State USF immediately, and it would stop any payment to AT&T from the State USF for grandfathered, stand-alone basic residential lines unless AT&T seeks such support for the December 2015 to November 2016 (or subsequent) State USF Fund year and the Commission approves such a request.

Service Fund (“State USF”) that AT&T has received for its stand-alone basic residential lines that were in service as of October 1, 2009 and that remain in service (“grandfathered stand-alone basic residential lines”). While the Parties were working together to develop this Joint Proposal, and based on a joint filing by the Parties, the Commission entered Order No. 2014-453, which suspends all payments from the State USF to AT&T pending further Order of the Commission.

In the meantime, the Parties have also discussed a separate matter regarding support AT&T has received from the State USF for Lifeline. As explained below and in the verified testimony supporting this Joint Proposal, AT&T has received an overage of \$13,006 in Lifeline support from the State USF for the four months of December 2013 through March 2014, and it should receive \$3,251.50 per month (approximately 5%) less in Lifeline support than it otherwise would be entitled for the months of April 2014 through November 2014. Because Order No. 2014-453 suspends all payments to AT&T from the State USF pending further Order of the Commission, this Joint Proposal also submits an equitable remedy to address these Lifeline overages. This will facilitate entry of a Commission Order approving this Joint Proposal and allowing the ORS to commence State USF payments to AT&T consistent with the provisions of that Order.

## **II. PROPOSED REMEDIES**

### **A. Support for Grandfathered, Stand-Alone Basic Residential Lines.**

In July 2013, AT&T South Carolina requested support from the State USF pursuant to S.C. Code Ann. §58-9-576(C)(9)(c) for its grandfathered, stand-alone basic residential lines that were in service as of October 1, 2009. In the fall of 2013, ORS

reviewed sample billing records for lines included in that request and advised AT&T that a line in the sample did not qualify as a grandfathered, stand-alone basic residential line. AT&T South Carolina subsequently filed an adjusted request for support from the State USF and explained that since July 2011, AT&T likely has inadvertently sought and received more State USF support for grandfathered, stand-alone basic residential lines than it was entitled.

In Order No. 2013-822, the Commission granted AT&T's adjusted request to withdraw \$628,749 from the State USF during the 2014 Fund Year to support grandfathered, stand-alone basic residential lines, and the Commission directed AT&T to continue to work with ORS to determine the amount of any overages in the support AT&T has received for such lines since July 2011. The Commission directed AT&T to file in this docket a proposal for equitably remedying any such overages.

On May 5, 2014, ORS sought authorization from the Commission to immediately suspend all payments from the State USF to AT&T. AT&T did not object to that request. The Commission granted the request in Order No. 2014-453, dated May 27, 2014.

As explained in the verified testimony of AT&T witness Kenneth Minzenberger, AT&T has determined that since July 2011, it has been granted a total of \$708,352 more in State USF support for grandfathered, stand-alone basic residential lines than it is entitled. AT&T South Carolina, however, has not yet received all of the State USF support that the Commission has granted for grandfathered, stand-alone basic residential lines. To date, AT&T has actually received a total of \$589,375 of State USF Support that it should not have received (\$321,210 from its September 2011 Request,

and \$268,165 from its July 2012 request). And while the Commission granted an adjusted amount of \$628,749 of State USF support to AT&T South Carolina as a result of its July 2013 request, this support is paid out on a monthly basis. Accordingly, AT&T South Carolina has actually received only \$209,583 of that amount (leaving a net of \$419,166 that was awarded but has not yet been received by AT&T). Accordingly, the net of the \$708,352 aggregate overage in the amounts of support AT&T South Carolina has been granted since October 2011 and the \$419,166 of support that has been granted but not yet received is \$289,186.<sup>2</sup>

To equitably remedy these overages in State USF support for grandfathered, stand-alone basic residential lines, AT&T and the ORS jointly propose that:

- (a) AT&T will pay \$312,207.44 to the State USF<sup>3</sup>;
- (b) AT&T will not receive any of the \$419,166 of support that was awarded, but not yet received, as a result of its adjusted July 2013 Request; and
- (c) AT&T will not seek State USF support for grandfathered, stand-alone basic residential lines for the December 2014 to November 2015 State USF Fund year.<sup>4</sup>

## **B. Support for Lifeline**

In February 2012, the Federal Communications Commission (“FCC”) required all Lifeline subscribers to recertify annually their continued eligibility. In preparing its annual recertification reports that are due for filing with the FCC each January, and in

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<sup>2</sup> See Testimony of Ken Minzenberger at 10-12.

<sup>3</sup> This is the \$289,186 amount of the net overages plus \$23,021 of interest, at 3.25%, on the \$708,352 amount of aggregate overages. This 3.25% rate is the prime rate identified in the January 3, 2014 order of the Supreme Court of South Carolina setting the interest rate on money decrees and judgments.

<sup>4</sup> Nothing prohibits AT&T from seeking State USF support for grandfathered, stand-alone basic residential lines for the December 2015 to November 2016 State USF Fund year or for subsequent State USF Fund years.

responding to a Universal Service Administrative Company (“USAC”) audit, AT&T discovered some discrepancies with associated reimbursement forms it previously had filed with USAC. AT&T has since filed revised reimbursement claims with USAC, and it has filed its annual recertification reports with the FCC and USAC. In light of this, AT&T has determined that it mistakenly overstated the number of its Lifeline eligible lines in South Carolina as of December 2012, which was used to determine the monthly amount of Lifeline support provided to AT&T from the State USF for the twelve-month period beginning December 2013.

As a result, for the four months from December 2013 through March 2014, AT&T has received an overage of \$13,006 in Lifeline support, and it should receive \$3,251.50 per month (approximately 5%) less in state Lifeline support than it otherwise would be entitled for the months of April 2014 through November 2014.

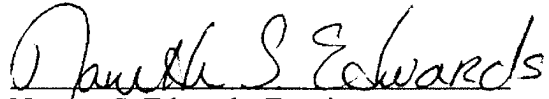
To equitably remedy these overages in State USF support for Lifeline, AT&T and the ORS jointly propose that:

- (a) AT&T will pay \$13,006 to the State USF; and
- (b) ORS will reduce the monthly Lifeline support payments to AT&T by \$3,251.50 for the months of April through November 2014.

### **III. CONCLUSION**

The Parties agree this Joint Proposal is reasonable, in the public interest, and in accordance with law and regulatory policy. Accordingly, the Parties jointly request that the Commission expeditiously enter an Order approving this Joint Proposal and allowing ORS to resume making State USF payments to AT&T consistent with the terms of that Order.

WE AGREE:

A handwritten signature in black ink, reading "Nanette S. Edwards". The signature is fluid and cursive, with the first name "Nanette" and last name "Edwards" clearly legible. The middle initial "S." is smaller and less distinct.

Nanette S. Edwards, Esquire

**Office of Regulatory Staff**

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[nsedwar@regstaff.sc.gov](mailto:nsedwar@regstaff.sc.gov)

WE AGREE:

BellSouth Telecommunications, LLC  
d/b/a AT&T South Carolina

A handwritten signature in black ink that reads "Patrick Turner". The signature is written in a cursive style with a horizontal line extending from the end of the name.

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Columbia, South Carolina  
June 10, 2014



STATE OF SOUTH CAROLINA                    )  
  )  
COUNTY OF RICHLAND                        )

CERTIFICATE OF SERVICE

The undersigned, Nyla M. Laney, hereby certifies that she is employed by the Legal Department for BellSouth Telecommunications, LLC d/b/a AT&T South Carolina (“AT&T”) and that she has caused AT&T South Carolina and the Office of Regulatory Staff’s Joint Proposal in Docket No. 2011-406-C to be served upon the following on June 10, 2014:

Nanette S. Edwards  
Counsel  
Office of Regulatory Staff  
1401 Main Street, Suite 900  
Columbia, South Carolina 29201  
**(Electronic Mail)**

F. David Butler, Esquire  
Senior Counsel  
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Jocelyn G. Boyd, Esquire  
Chief Clerk  
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**(Electronic Mail)**

Nyla M. Laney  
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